



## RESOLUTION OF THE MARYLAND HEALTH BENEFIT EXCHANGE BOARD OF TRUSTEES

**SUBJECT: MARYLAND HEALTH BENEFIT EXCHANGE BOARD OF TRUSTEES  
ACTION ON INTERACTION BETWEEN THE FEDERAL RISK  
ADJUSTMENT PROGRAM AND STATE REINSURANCE PROGRAM**

WHEREAS, the Maryland Health Benefit Exchange (MHBE) is a public corporation and independent unit of Maryland state government, and is responsible for the operation of Maryland Health Connection; and

WHEREAS, the MHBE, to help stabilize premiums in the individual market, applied to the U.S. Secretaries of Health and Human Services and the Treasury for a State Innovation Waiver to establish a State Reinsurance Program, under Section 1332 of the Affordable Care Act; and

WHEREAS, the MHBE commissioned a study from Wakely Consulting Group on potential duplicative payments under both the State Reinsurance Program and the Federal Risk Adjustment Program; and

WHEREAS, the MHBE Board of Trustees resolved to take regulatory action based on the results of the study being performed by Wakely Consulting Group on potential duplicative payments under the State Reinsurance Program and the Federal Risk Adjustment Program; and

WHEREAS, the MHBE held four public hearings on the topic of regulations for the State Reinsurance Program, including potential regulatory action on the duplicative payments as a result of the interaction of the State Reinsurance Program and the Federal Risk Adjustment Program; and

WHEREAS, the MHBE, after considering both the analysis from Wakely Consulting Group and an analysis conducted by the Maryland Insurance Administration, and carefully reviewing all comments and testimony received, has determined that action must be taken to prevent an allocation of state and federal resources that would result in duplicative payment; and



WHEREAS, the MHBE must, under HB 1795 (Ch. 6 of the Laws of Maryland, 2018), promulgate regulations to administer the State Reinsurance Program no later than January 1, 2019;

NOW THEREFORE, BE IT RESOLVED THAT, the MHBE Board of Trustees instructs the MHBE to take regulatory action, on potential duplicative payments under the State Reinsurance Program and the Federal Risk Adjustment Program, and institute a dampening factor that normalizes the medical loss ratio between risk adjustment payers and risk adjustment receivers for the 2019 Plan Year; and

BE IT FURTHER RESOLVED THAT, the MHBE will determine the appropriate dampening factor, if any, for each plan year at a time and manner to be established in the Code of Maryland Regulations.

I HEREBY CERTIFY that the foregoing Resolution was adopted on the 24th day of August, 2018, by the Board of Trustees of the Maryland Health Benefit Exchange.

A handwritten signature in black ink, appearing to read "Robert R. Neall". The signature is written over a horizontal line.

Robert R. Neall  
Chair, Board of Trustees

August<sup>th</sup> 2018  
DATE

Approved by the MHBE Board of Trustees on August 24, 2018.